

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED MARCH 31, 2021**

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
FOR THE YEAR ENDED MARCH 31, 2021
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
City of Salamanca Industrial Development Agency
Salamanca, New York 14779

We have audited the accompanying financial statements of the business-type activities, and each major fund of the City of Salamanca Industrial Development Agency, a component unit of the City of Salamanca, as of and for the year ended March 31, 2021 and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the City of Salamanca Industrial Development Agency, as of March 31, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note W to the financial statements, the COVID-19 outbreak has resulted in mandatory and voluntary closures of many governmental and private businesses. It is anticipated that this may negatively impact the Department's revenue stream in the subsequent year.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-10, the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Employer Contributions be presented to supplement the basic financial statements. Such information although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Salamanca Industrial Development Agency's basic financial statements. The supplemental financial information schedule and financial data schedules (REAC) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental financial section schedules and the financial data schedules (REAC) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental financial information schedule and the financial data schedule (REAC) are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2021, on our consideration of the City of Salamanca Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Salamanca Industrial Development Agency's internal control over financial reporting and compliance.

R.A. Mercer & Co., P.C.



West Seneca, New York
July 02, 2021

CITY OF SALAMANCA INDUSTRIAL DEVELOPMENT AGENCY MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Salamanca Industrial Development Agency's annual financial report, the Agency's management provides narrative discussion and analysis of the financial activities of the Agency for the fiscal year ended March 31, 2021. The City of Salamanca Industrial Development Agency's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

FINANCIAL HIGHLIGHTS

The City of Salamanca Industrial Development Agency's assets exceeded its liabilities by \$1,780,041 for the fiscal year ended March 31, 2021. This compares to the previous year when assets exceeded liabilities by \$1,793,891.

Total net position comprises the following:

1. Net Investment in Capital Assets of \$631,835 includes property and equipment, net of accumulated depreciation, and is reduced for outstanding debt related to the purchase, construction, and improvement of the capital assets.
2. Net position of \$751,596 is restricted by constraints imposed from outside the Agency, such as grantor requirements, laws, and regulations.
3. Unrestricted net position of \$396,610 represents the portion available to continue the Agency's objectives of community service to its citizens and to meet the obligations of its creditors.

Total liabilities and deferred inflows of resources of the Agency decreased by \$11,843 to \$100,618 during the fiscal year.

Revenues for the year ended March 31, 2021, totaled \$845,464, of which \$258,419 was from charges for services, \$586,591 from operating grants, \$454 from interest income.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the Agency's basic financial statements. The basic financial statements include: 1) governmentwide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The City of Salamanca Industrial Development Agency also includes in this report additional information to supplement the basic financial statements.

Governmentwide Financial Statements

The City of Salamanca Industrial Development Agency's annual report includes two governmentwide financial statements. These statements provide both long-term and short-term information about the Agency's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these governmentwide statements is the Statement of Net Position. This is the governmentwide statement of position presenting information that includes all of the Agency's assets and liabilities, with the difference reported as net position. In addition to the information provided in this report, an evaluation of the overall economic health of the Agency would extend to other nonfinancial factors, such as the quality of its loan portfolio, the diversification and strength of the economy in the Salamanca, New York area, and the condition of the Agency's capital assets.

The second governmentwide statement is the Statement of Activities, which reports how the Agency's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the Agency's distinct activities or functions on revenue provided by the Agency's granters, as well as on revenue derived from its rental and lending activities.

The City of Salamanca Industrial Development Agency comprises only business-type activities. These include the General Operating Fund, the Program Income Revolving Loan Fund, the Section 8 Housing Choice Vouchers Program, the Urban Development Action Grant Program, and the Salamanca Area Development Corporation.

The Salamanca Area Development Corporation has been determined to be a component unit and is presented as a separate major fund within these financial statements. Therefore, there are no separately issued financial statements.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Agency uses funds to ensure and demonstrate compliance with finance-related laws and regulations.

The Agency utilizes proprietary funds that are reported in the fund financial statements and generally report services for which the Agency charges customers a fee. The Agency also receives grants and contributions. These funds essentially encompass the same functions reported as business-type activities in the governmentwide statements.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the governmentwide financial statements but with more detail for major enterprise funds.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the governmentwide and fund financial statements. The notes to the financial statements are located directly after the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental and other supplemental information concerning the City of Salamanca Industrial Development Agency's progress. Supplemental information follows the notes to the financial statements.

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

The Agency's net position at March 31, 2021, was \$1,780,041 which represents an decrease of \$13,850 from the prior year. The following table provides a summary of the Agency's net position before interfund eliminations.

	<u>2021</u>	<u>2020</u>	<u>Amount of Change</u>
Assets:			
Current and Other Assets	\$ 1,208,044	1,209,261	(1,217)
Capital Assets, Net	<u>631,835</u>	<u>672,606</u>	<u>(40,771)</u>
Total Assets	<u>1,839,879</u>	<u>1,881,867</u>	<u>(41,988)</u>
Deferred Outflow of Resources	<u>40,780</u>	<u>24,485</u>	<u>16,295</u>
Liabilities:			
Other Liabilities	27,402	49,594	(22,192)
Long-Term Liabilities	<u>70,942</u>	<u>58,374</u>	<u>12,568</u>
Total Liabilities	<u>98,344</u>	<u>107,968</u>	<u>(9,624)</u>
Deferred Inflows of Resources	<u>2,274</u>	<u>4,493</u>	<u>(2,219)</u>
Net Position:			
Net Investment in			
Capital Assets	631,835	672,606	(40,771)
Restricted	751,596	749,587	2,009
Unrestricted	<u>396,610</u>	<u>371,698</u>	<u>24,912</u>
Total Net Position	<u>\$ 1,780,041</u>	<u>1,793,891</u>	<u>(13,850)</u>

The following table provides a summary of the Agency's changes in net position:

	Business-Type Activities			
	2021	% of Totals	2020	% of Totals
Revenue:				
Charges for Services	\$ 258,419	30.6	246,271	32.8
Operating Grants	586,591	69.4	504,408	67.2
Total Revenue	<u>845,010</u>	<u>100.0</u>	<u>750,679</u>	<u>100.0</u>
Expenses:				
Administrative and Constructual Expenses	156,647	18.2	112,135	15.0
Personnel Services	128,929	15.0	100,734	13.5
Housing Assitance Payments	489,171	56.9	481,459	64.6
Home and Community Services	84,567	9.8	51,041	6.8
Total Expense	<u>859,314</u>	<u>100.0</u>	<u>745,369</u>	<u>100.0</u>
Change in Net Position Before General Revenue	<u>(14,304)</u>		<u>5,310</u>	
General Revenue:				
Interest Earned on Investments	454		792	
Gain on Sale of Capital Assets	-		10,850	
Total General Revenue	<u>454</u>		<u>11,642</u>	
Change in Net Position	<u>\$ (13,850)</u>		<u>16,952</u>	

The prior year personnel services expense has been restated to reflect the annual change in the compensated absence liability.

FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

Proprietary Funds

The proprietary fund statements share the same focus as the governmentwide statements, reporting both short-term and long-term information about financial status.

The City of Salamanca Industrial Development Agency reports the following major proprietary funds:

General Operating Fund- This fund includes the Agency's Rochester Street rental activities and mortgage interest.

Program Income Revolving Loan Fund (RLF) - This fund includes the Agency's economic development, and rehabilitation loan programs, each of which is used to meet community development needs.

Section 8 Housing Choice Vouchers Program - This program provides rental assistance to low income families to help them afford safe and sanitary rental housing.

Third Generation Urban Development Action Grant Program - The overall objective of this program is to stimulate economic development activity and aid in the economic recovery of the City of Salamanca. The program provides funding to eligible community development projects in the form of loans and grants.

Salamanca Area Development Corporation Fund - This fund was created upon the formation of the Salamanca Area Development Corporation (SADC) which is a not-for-profit local development corporation to assist the City of Salamanca Industrial Development Agency and City of Salamanca in the implementation of programs, projects, and activities designed to create or stimulate economic and community development programs in the City of Salamanca.

Section 8 Housing Voucher CARES Act – HUD provided additional funding under the Housing Choice Vouchers program to assist with eligible expenditures during the COVID-19 pandemic.

Capital Assets and Debt Administration

Capital Assets

The City of Salamanca Industrial Development Agency's investment in capital assets, net of accumulated depreciation, for business-type activities as of March 31, 2021, was \$631,835. This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

	<u>2021</u>	<u>2020</u>
Nondepreciable:		
Land and Land Improvements	\$ 10,500	10,500
Depreciable:		
Buildings and Leashold Improvements	2,537,865	2,537,865
Machinery and Equipment	29,644	27,133
Accumulated Depreciation	(1,946,174)	(1,902,892)
Total	<u>\$ 631,835</u>	<u>672,606</u>

Long-Term Debt

At the end of the year, the Agency had no debt outstanding.

Economic Factors Bearing on the Future

The focus of the agency continues to be to sustain and develop the Morningside and Rochester Street Industrial Parks. A new warehouse was constructed on Morningside Avenue to assist with storage for an industrial company to continue growing its business and increasing employment.

The Department of Housing and Urban Development (HUD), through the CARES Act, has provided the Housing Choice Vouchers program funding to assist with eligible activities to help with the prevention of COVID-19.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Agency's finances, comply with finance-related laws and regulations, and demonstrate the Agency's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City of Salamanca Industrial Development Agency at 225 Wildwood Avenue, Salamanca, NY 14779.

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FINANCIAL STATEMENTS

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET POSITION
AS OF MARCH 31, 2021**

EXHIBIT A

	<u>Primary Government Business-Type Activities</u>
ASSETS	
Unrestricted Cash and Cash Equivalents	\$ 389,782
Restricted Cash and Cash Equivalents	707,410
Accounts Receivable, Net	200
Current Portion of Direct Financing Leases	5,128
Current Portion of Notes Receivable, Net	17,460
Noncurrent Assets	
Prepaid Utility Deposit	3,060
Direct Financing Leases, Net	5,060
Notes Receivable	79,944
Capital Assets	
Land and Land Improvements	10,500
Buildings and Leasehold Improvements	2,537,865
Machinery and Equipment	29,644
Less: Accumulated Depreciation	(1,946,174)
Total Assets	1,839,879
Deferred Outflow of Resources	
New York State Retirement	40,780
Total Deferred Outflow of Resources	40,780
Total Assets and Deferred Outflow of Resources	1,880,659
LIABILITIES	
Accounts Payable	875
Accrued Liabilities	1,656
Due to HUD	3,948
Due to Other Governments	19,378
Compensated Absences	1,545
Long-Term Liabilities	
Due and Payable Within One Year	
Unearned Revenue	7,031
Due and Payable After One Year	
Unearned Revenue	29,885
Net Pension Liability	34,026
Total Liabilities	98,344
Deferred Inflow of Resources	
New York State Retirement	2,274
Total Deferred Inflow of Resources	2,274
Total Liabilities and Deferred Inflow of Resources	100,618
Net Position	
Net Investment in Capital Assets	631,835
Restricted	751,596
Unrestricted Net Position	396,610
Total Net Position	\$ 1,780,041

See accompanying notes to the financial statements.

CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2021

		Program Revenues		Net (Expenses) Revenue and Changes in Net Position
			Operating	Primary Government
	Expenses	Charges for Services	Grants and Contributions	Business-Type Activities
Primary Government:				
Business-Type Activities:				
General	\$ 285,576	196,246	101,311	11,981
Housing Assistance Payments	489,171	9,390	485,280	5,499
Home and Community Services	84,567	52,783	-	(31,784)
Total Business-Type Activities	859,314	258,419	586,591	(14,304)
Total Primary Government	859,314	258,419	586,591	(14,304)
General Revenue:				
Interest Income				454
Total General Revenue				454
Change in Net Position				(13,850)
Net Position - Beginning of the Year				1,793,891
Net Position - End of the Year				\$ 1,780,041

See accompanying notes to the financial statements.

CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET POSITION AND
PROPRIETARY FUNDS BALANCE SHEET
AS OF MARCH 31, 2021

EXHIBIT C

ASSETS	Business-Type Activities						Adjustments Note (C)	Statement of Net Position
	General Operating Fund	Section 8 Housing Choice Vouchers	Housing Choice Voucher CARES ACT	Program Income RLF	Third Generation UDAG	Salamanca Area Development Corporation		
Current Assets								
Unrestricted Cash and Cash Equivalents	\$ 20,836	173,297	-	-	-	195,649	389,782	389,782
Restricted Cash and Cash Equivalents	2,132	5,044	-	-	-	-	707,410	707,410
Accounts Receivable, Net	200	-	17,375	682,859	-	-	200	200
Due From Other Funds	1,924	-	-	-	-	-	54,597	54,597
Current Portion of Direct Financing Leases, Net	5,128	-	-	52,673	-	-	5,128	5,128
Current Portion of Notes Receivable, Net	-	-	-	-	-	-	17,460	17,460
Total Current Assets	30,220	178,341	17,375	748,216	-	200,425	1,174,577	1,119,980
Other Assets								
Prepaid Utility Deposit	3,060	-	-	-	-	-	-	3,060
Noncurrent Direct Financing Leases, Net	5,060	-	-	-	-	-	-	5,060
Noncurrent Notes Receivable, Net	-	-	-	-	-	-	-	-
Total Other Assets	8,120	-	-	33,823	-	46,121	79,944	79,944
Capital Assets								
Land and Land Improvements	500	-	-	-	-	-	-	500
Buildings and Leasehold Improvements	1,799,028	-	-	662,717	-	10,000	10,500	2,537,865
Machinery and Equipment	7,387	22,257	-	-	-	76,120	2,537,865	2,537,865
Less: Accumulated Depreciation	(1,709,903)	(20,169)	-	(204,684)	-	(11,418)	(1,946,174)	(1,946,174)
Total Capital Assets	97,012	2,088	-	458,033	-	74,702	631,835	631,835
Total Assets	135,352	180,429	17,375	1,240,072	-	321,248	1,894,476	1,839,879
Deferred Outflow of Resources								
New York State Retirement	20,390	20,390	-	-	-	-	-	40,780
Total Deferred Outflows	20,390	20,390	-	-	-	-	-	40,780
Total Assets and Deferred Outflow of Resources	155,742	200,819	17,375	1,240,072	-	321,248	1,935,256	1,880,659
LIABILITIES AND FUND EQUITY/NET POSITION								
Current Liabilities								
Accounts Payable	63	612	-	-	-	200	875	875
Accrued Liabilities	828	828	-	-	-	-	1,656	1,656
Due to Other Funds	54,449	-	-	-	-	-	-	-
Due to HUD	-	3,554	-	-	-	148	54,597	54,597
Due To Other Governments	1,913	90	17,375	394	-	-	3,948	3,948
Compensated Absences	425	772	-	309	-	-	19,378	19,378
Unearned Revenue, Current Portion	-	-	-	7,031	-	39	1,545	1,545
Total Current Liabilities	57,678	5,856	17,375	7,734	-	387	89,030	89,030
Noncurrent Liabilities								
Unearned Revenue, Net of Current Portion	-	-	-	29,885	-	-	-	29,885
Net Pension Liability	17,013	17,013	-	-	-	-	-	34,026
Total Noncurrent Liabilities	17,013	17,013	-	29,885	-	-	-	63,911
Total Liabilities	74,691	22,869	17,375	37,619	-	387	152,941	152,941
Deferred Inflow of Resources								
New York State Retirement	1,137	1,137	-	-	-	-	-	2,274
Total Deferred Inflows	1,137	1,137	-	-	-	-	-	2,274
Total Liabilities and Deferred Inflow of Resources	75,828	24,006	17,375	37,619	-	387	155,215	155,215
Net Position								
Net Investment in Capital Assets	97,012	2,088	-	458,033	-	74,702	631,835	631,835
Restricted	2,132	5,044	-	744,420	-	-	751,596	751,596
Unrestricted	(19,230)	169,681	-	-	-	-	396,610	396,610
Total Net Position	\$ 79,914	176,813	-	1,202,453	-	320,861	1,780,041	1,780,041

See accompanying notes to the financial statements

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN FUND NET POSITION-PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2021**

	General Operating Fund	Section 8 Housing Choice Vouchers	Housing Choice Voucher CARES ACT	Program Income RLF	Third Generation UDAG	Salamanca Area Development Corporation	Adjustments Note (C)	Total
Operating Revenue								
Program Income, Net of Allowance for Bad Debt	\$ -	-	-	7,126	-	-	-	7,126
Interest on Mortgages and Leases	443	-	-	2,796	-	3,786	-	7,025
Rental of Real Property	64,036	-	-	105,874	-	26,400	-	196,310
Federal Grant Revenue	-	569,516	17,075	-	-	-	-	586,591
Other Revenue	3,000	11,706	-	250	-	33,002	-	47,958
Total Operating Revenue	67,479	581,222	17,075	116,046	-	63,188	-	845,010
Operating Expenses								
General								
Administrative and Contractual	26,901	22,397	14,565	22,769	23	50,801	19,191	156,647
Personal Services	17,889	47,807	-	27,054	-	1,864	-	94,614
Employee Benefits	5,223	19,603	-	9,312	-	177	-	34,315
Housing Assistance Payments	-	489,171	-	-	-	-	-	489,171
Home and Community Services	-	-	-	52,783	8,305	-	23,479	84,567
Depreciation Expense	15,974	680	-	23,479	-	2,537	(42,670)	-
Total Operating Expenses	65,987	579,658	14,565	135,397	8,328	55,379	-	859,314
Operating Income (Loss)	1,492	1,564	2,510	(19,351)	(8,328)	7,809	-	(14,304)
Nonoperating Revenues (Expenses)								
Interest Earned on Investments	7	113	-	332	2	-	-	454
Net Nonoperating Revenue (Expense)	7	113	-	332	2	-	-	454
Change in Net Position	1,499	1,677	2,510	(19,019)	(8,326)	7,809	-	(13,850)
Net Position - Beginning of the Year	78,415	172,626	-	1,221,472	8,326	313,052	-	1,793,891
Equity Transfer	-	2,510	(2,510)	-	-	-	-	-
Net Position - End of the Year	\$ 79,914	176,813	-	1,202,453	-	320,861	-	1,780,041

See accompanying notes to the financial statements

CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	General Operating Fund	Section 8 Housing Choice Vouchers	Housing Choice Voucher CARES ACT	Program Income RLF	Third Generation UDAG	Salamanca Area Development Corporation	Total
Cash Flows From Operating Activities:							
Receipts From Tenants	\$ 61,036	-	-	97,900	-	26,400	185,336
Receipts From Customers	443	-	-	2,796	-	3,786	7,025
Proceeds From Notes and Leases Receivables	-	-	-	7,126	-	-	7,126
Payments to Employees	(25,873)	(95,218)	-	(40,203)	-	(2,520)	(163,814)
Payments to Suppliers	(24,914)	(510,128)	(14,565)	(78,720)	(8,305)	(50,801)	(687,433)
Receipts From Other Governments	-	569,516	34,450	612	-	-	604,578
Payments to Other Funds	(17,887)	-	-	7,625	3,862	6,500	-
Payments to Other Governments	-	3,554	-	394	-	-	3,948
Other Receipts	3,000	11,706	-	250	-	33,002	47,958
Net Cash Provided by (Used In) Operating Activities	(4,195)	(20,570)	19,885	(2,220)	(4,643)	18,467	4,724
Cash Flows From Capital and Related Financing Activities:							
Acquisition and Modernization of Capital Assets	-	(2,511)	-	-	-	-	(2,511)
Equity transfer	-	2,510	(2,510)	-	-	-	-
Net Cash Provided by (Used In) Capital and Related Financing Activities	-	(1)	(2,510)	-	-	-	(2,511)
Cash Flows From Investing Activities:							
Proceeds From Notes and Leases Receivable	4,957	-	-	9,236	-	977	15,170
Interest Income Received	7	113	-	332	2	-	454
Net Cash Provided By (Used In) Investing Activities	4,964	113	-	9,568	2	977	15,624
Net Cash and Cash Equivalents Increase (Decrease) For the Year	769	(20,458)	17,375	7,348	(4,641)	17,444	17,837
Cash and Cash Equivalents, Beginning of Year	22,190	198,799	-	675,511	4,641	178,205	1,079,355
Cash and Cash Equivalents, End of Year	22,968	178,341	17,375	682,859	-	195,649	1,097,192
Cash Flows From Operating Activities:							
Operating Income (Loss)	1,492	1,584	2,510	(19,351)	(8,328)	7,809	(14,304)
Adjustments:							
Depreciation	15,974	680	-	24,091	-	2,537	43,282
Deferred Outflows	(8,147)	(8,148)	-	-	-	-	(16,295)
Deferred Inflows	(1,109)	(1,110)	-	-	-	-	(2,219)
Pension Related Liability	11,771	11,771	-	-	-	-	23,542
Changes in Assets and Liabilities:							
Decrease (Increase) in Accounts Receivable	3,861	-	-	-	23	-	3,884
Decrease (Increase) in Due From Other Funds	(1,924)	-	-	7,625	3,662	6,452	15,815
Increase (Decrease) in Due From Other Governments	-	90	17,375	-	-	-	17,465
Increase (Decrease) in Due to HUD	-	3,464	-	394	-	-	3,858
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(469)	612	-	-	-	-	143
Increase (Decrease) in Accrued Liabilities	(1,405)	828	-	(3,168)	-	-	(3,745)
Increase (Decrease) Compensated Absences	(5,276)	(30,321)	-	(3,837)	-	(479)	(39,913)
Increase (Decrease) in Due to Other Funds	(15,963)	-	-	-	-	148	(15,815)
Increase (Decrease) in Unearned Revenue	(3,000)	-	-	(7,974)	-	-	(10,974)
Net Cash Provided By (Used In) Operating Activities	(4,195)	(20,570)	19,885	(2,220)	(4,643)	18,467	4,724
Reconciliation of Unrestricted and Restricted Cash and Cash Equivalents:							
Cash and Cash Equivalents, Unrestricted	20,836	173,297	-	-	-	195,649	389,782
Cash and Cash Equivalents, Restricted	2,132	5,044	17,375	682,859	-	-	707,410
Total Unrestricted and Restricted Cash and Cash Equivalents	22,968	178,341	17,375	682,859	-	195,649	1,097,192

See accompanying notes to the financial statements.

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

NOTE A- ORGANIZATION

The City of Salamanca Industrial Development Agency is a component unit of the City of Salamanca, based on management's evaluation in accordance with the criteria of Governmental Accounting Standards Board (GASB) Statement 39 and (GASB) Statement 61. This criteria includes the following:

1. Financial accountability
2. The appointment of a voting majority of the Agency's board of directors
3. Imposition of will
4. Financial benefit or burden on the primary government
5. Fiscal dependency

The City of Salamanca Industrial Development Agency was established in 1971 to promote the economic welfare and prosperity of the inhabitants of the City of Salamanca, and to develop economically sound commerce and industry. Its board is made up of from 3 to 7 members recommended for appointment by the mayor of the City of Salamanca.

The Agency has the power to acquire, hold and dispose of property as it sees fit, and property under its control is exempt from real property taxes. The Agency may also issue bonds for any legitimate corporate purpose on virtually any terms as limited by New York State Empire Development. Unless expressly provided otherwise, such bonds constitute special obligation bonds of the Agency, and are payable from project revenues. There were no bonds outstanding as of March 31, 2021.

The City of Salamanca Industrial Development Agency performs services pursuant to a subrecipient agreement with the City of Salamanca to administer the City of Salamanca's Program Income Revolving Loan Fund, the Third Generation Urban Development Action Grant Program, the Section 8 Housing Choice Vouchers Program, and the Salamanca Area Development Corporation (a blended component unit). The Agency's reporting entity includes each of these programs.

The City of Salamanca Industrial Development Agency's principal sources of revenue are obtained from rental activities, grant proceeds, and revenues derived from the Agency's lending related activities.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Financial Reporting Entity

The financial reporting entity consists of the following, as defined by Statement 39 of the Governmental Accounting Standards Board's Determining Whether Certain Organizations are Component Units, an amendment of GASB Statement No. 14 and GASB Statement No. 61:

1. The primary government, which is the City of Salamanca Industrial Development Agency.

2. Programs for which the City of Salamanca Industrial Development Agency is financially accountable.
3. Other programs for which the nature and significance of their relationship with the City of Salamanca Industrial Development Agency are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the Agency's reporting entity is based on several criteria set forth in GASB 39 and GASB 61, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Salamanca Area Development Corporation has been reported as a blended component unit within these financial statements.

Governmentwide Financial Statements

The governmentwide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City of Salamanca Industrial Development Agency as a whole. Individual funds are not displayed but the statements highlight business-type activities, generally financed in whole or in part with rental income charged to tenants, funds received from grantors, and other fees charged in the Agency's economic development activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include charges for services that report fees and other charges to users of the Agency's services. Program revenues also include operating grants and contributions that finance annual operating activities, including interest income earned on mortgages and leases by the Agency.

Fund Financial Statements

Fund financial statements are provided for the Agency's proprietary funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the City of Salamanca Industrial Development Agency are prepared in accordance with generally accepted accounting principles (GAAP). The Agency's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The proprietary fund financial statements apply GASS Statement No. 62- Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

The governmentwide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity. Proprietary fund financial statements report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the funds. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue is presented as general revenue. Revenue is recognized, upon the monthly billing for rent payments and upon receipt of the HUD subsidy. For the receipts of 1st generation loan payments in the Program Income RLF, the revenue is recognized when the loan payment is received, rather than when the cash was received from HUD.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use unrestricted resources first, then restricted resources as needed.

Proprietary Funds

The City of Salamanca Industrial Development Agency reports the following major proprietary funds:

General Operating Fund - This fund includes the Agency's Rochester Street rental activities.

Program Income Revolving Loan Fund (RLF) - This fund includes the Agency's economic development and rehabilitation loan programs.

Section 8 Housing Choice Vouchers Program - This program provides rental assistance to low income families. The program provides a monthly rental subsidy that allows eligible participants to rent privately owned housing.

Third Generation Urban Development Action Grant Program (UDAG) - This program funds eligible activities in an effort to stimulate economic development in the City of Salamanca, New York. This fund was closed during the year.

Salamanca Area Development Corporation Fund (a blended component unit) - This fund was created upon the formation of the Salamanca Area Development Corporation (SADC) which is a not-for-profit local development corporation to assist the City of Salamanca Industrial Development Agency and City of Salamanca in the implementation of programs, projects, and activities designed to create or stimulate economic and community development programs in the City of Salamanca.

Section 8 Housing Voucher CARES Act – HUD provided additional funding under the Housing Choice Vouchers program to assist with eligible expenditures during the COVID-19 pandemic.

The operations of each major fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund net position, and revenue and expenses. The operations are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, and limitations. Operating revenues are determined by the specific purpose of each fund. Nonoperating revenues will include bank interest and gain on disposition of assets.

Basis of Accounting

The financial statements of the City of Salamanca Industrial Development Agency have been prepared in conformity with generally accepted accounting principles (GAAP) that provide for proprietary fund accounting for industrial development agencies. Management must make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. These estimates and accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

The following is a summary of the more significant accounting policies:

Cash Equivalents and Investments

The City of Salamanca Industrial Development Agency has its own written investment policy. The Agency is authorized to use demand deposits, savings and time deposits, as well as other permissible investments, which include obligations of the federal government, the State of New York, and revenue and tax anticipation notes authorized by the state comptroller. Certificates of deposit with maturities of less than 90 days are considered cash

equivalents. Cash includes demand deposits, savings accounts, and cash on hand.

Budgetary Basis of Accounting

Budgets are adopted by the City of Salamanca Industrial Development Agency Board of Directors. Budgetary data is not included in this report as the Agency has no legal obligation to adopt a budget. The Agency does not encumber appropriations to the following year.

Due To/From Other Funds and Interfund Transfers

Due to/from other funds arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. These amounts have been eliminated on the Statement of Net Position. Interfund revenue and expenses have also been eliminated.

Unearned Revenue

Unearned revenue is recorded when grant funds received by the Agency are subsequently loaned out under a revolving loan fund program or when funds are used to purchase capital assets. Revenue is ultimately recognized upon repayment of the loan principal and interest or through depreciation of capital assets.

Estimates

Management must make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The City of Salamanca Industrial Development Agency is exempt from federal and state income tax provisions.

Deferred Outflows and Inflows of Resources

The Statement of Net Position reports a separate section for deferred outflows of resources which represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The Agency has a pension related item that qualifies for reporting in this category. This represents the effect of the change in the Agency's proportion of the collective net pension asset or liability and difference during the measurement period between the Agency's contributions and its proportionate share of total contribution to the pension systems not included in pension expense.

The Statement of Net Position also reports a separate section for deferred inflows of resources which represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. This represents the effect of the net change in the Agency's proportion of the collective net pension liability or net pension asset, and the difference during the measurement periods between the Agency's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

Capital Assets

Capital assets are recorded at actual cost, or in the case of gifts and contributions, at the fair market value at the time received.

Property acquired with Program Income Revolving Loan 1st generation funds is capitalized within the fund and not depreciated until rented to eligible program participants. The accumulated depreciation is increased by charges to unearned revenues.

Depreciation on the property and equipment with an initial cost of \$1,000 or more have been

recorded in accordance with generally accepted accounting principles. Depreciation is computed using the straight-line method over the estimated useful life of the related asset, ranging from 5 to 40 years, as follows:

	<u>Estimated Useful Life</u>	<u>Capitalization Threshold</u>
Building	30-40 Years	\$1,000
Improvements	7-25 Years	\$1,000
Furniture, Fixtures, and Equipment	5-7 Years	\$1,000

Notes Receivable

Notes receivable are stated at principal balances, less the estimated portion that is expected to be uncollectible.

The allowance for loan losses on 1s^t generation notes receivable is increased by charges to unearned revenue in the Program Income RLF. Management's periodic evaluation of the adequacy of the allowance is based on the aging of the notes receivable balances.

Retirement Benefits

Employees of the City of Salamanca Industrial Development Agency participate in the New York State Retirement System. The City of Salamanca administers the plan on behalf of its employees and those of related agencies.

The City of Salamanca offers a 457b deferred compensation plan to the Agency's full time employees.

Net Position

Net position presents the difference between assets and liabilities in the Statement of Net Position. Net position investment in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on its use by Agency legislation or external restrictions by creditors, granters, laws or regulations of other governments.

Explanation of Differences Between the Proprietary Fund Balances and the Statement of Net Position

Total assets and liabilities in the Agency's proprietary funds differ from the total assets and liabilities as reported on the Statement of Net Position. This difference results from the elimination of due to/due from balances.

Explanation of Differences Between Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Balances and the Statement of Activities

Total expense in the proprietary funds differs from total expenditures in the Statement of Activities. The difference is the allocation of depreciation among functional expense categories, and elimination of interfund revenues and expenses.

NOTE C- CASH

The Agency's level of custody credit risk based upon how its deposits were insured or secured with collateral at March 31, 2021. The categories of credit risk are defined as follows:

- Category 1 - Insured by FDIC or collateralized with securities held by the Agency or by its agent in the Agency's name.
Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Agency's name.
Category 3 - Uninsured and uncollateralized.

Type of Deposit	Total Bank Balance	Custody Credit Risk Category			Total Carrying Value
		1	2	3	
Demand Deposits	\$ 1,100,542	598,115	502,427	-	1,094,243
Savings and Time Deposits	2,899	2,899	-	-	2,899
Cash on Hand	-	-	-	-	50
Total Deposits	<u>\$ 1,103,441</u>	<u>601,014</u>	<u>502,427</u>	<u>-</u>	<u>1,097,192</u>

Reconciliation to the Statement of Net Position:

Unrestricted Cash	\$ 389,782
Restricted Cash	707,410
Total	<u>\$ 1,097,192</u>

The restricted cash comprises funds that are subject to limitations imposed by granters.

NOTE D - ACCOUNTS RECEIVABLE

Receivables at March 31, 2021, included the following:

	General Operating Fund	Housing Choice Vouchers	Total
Tenants	\$ -	52,897	52,897
Miscellaneous	200	-	200
Allowance	-	(52,897)	(52,897)
Total	<u>\$ 200</u>	<u>-</u>	<u>200</u>

NOTE E - CAPITAL ASSETS

A summary of the Agency's capital assets for the General Operating Fund, the Program Income Revolving Loan Fund, the Section 8 Housing Choice Vouchers Program, the Urban Development Action Grant Program, and the Salamanca Area Development Corporation Fund is as follows:

Description	Balance at 4/1/2020	Additions	Deletions and Other Adjustments	Balance at 3/31/2021
<u>Nondepreciable</u>				
Land and Land Improvements	\$ 10,500	-	-	10,500
<u>Depreciable</u>				
Buildings and Leasehold Improvements	2,537,865	-	-	2,537,865
Machinery and Equipment	27,133	2,511	-	29,644
Totals	2,575,498	2,511	-	2,578,009
Less: Accumulated Depreciation	(1,902,892)	(43,282)	-	(1,946,174)
Net Land, Buildings, and Equipment	<u>\$ 672,606</u>	<u>(40,771)</u>	<u>-</u>	<u>631,835</u>

On the Statement of Activities (Exhibit B) a depreciation expense allocation of \$42,670 was made to the Home and Community Services function. The amount of \$612 was charged to deferred revenue through the Program Income Fund.

NOTE F - NOTES RECEIVABLE

As of March 31, 2021, the City of Salamanca Industrial Development Agency had notes receivable with varying interest rates and terms as follows:

	Program Income	SADC	Total
Notes Receivable	\$ 68,157	50,897	119,054
Less: Allowance for Doubtful Accounts	(21,650)	-	(21,650)
Total Notes Receivable, Net	46,507	50,897	97,404
Less: Noncurrent Notes Receivable, Net	(33,823)	(46,121)	(79,944)
Total Current Portion of Notes Receivable, Net	<u>\$ 12,684</u>	<u>4,776</u>	<u>17,460</u>

Allowance for Doubtful Accounts in the Program Income Fund includes an outstanding loan balance of \$21,650 on a single property. This property was foreclosed on by the City of Salamanca for unpaid property taxes and subsequently sold. The IDA currently has an outstanding lien on the property.

NOTE G - INVESTMENT IN DIRECT FINANCING LEASES

As of March 31, 2021, the City of Salamanca Industrial Development Agency was the lessor for one lease with an outstanding present value minimum lease payment of \$10,188 of which the current portion was \$5,128. The lease agreement has an implicit interest rate of 3.52 percent on a building requiring monthly installments of \$450. At any time during the term of the lease, the lessee has the option of acquiring the building by paying the Agency the present value of the lease. There were no initial direct costs associated with this lease.

The value of all future minimum lease payments is \$10,188, that will be received during the next two years through maturity as follows:

	<u>Principal</u>	<u>Interest</u>
2022	5,128	272
2023	<u>5,060</u>	<u>218</u>
	<u>10,188</u>	<u>490</u>

NOTE H - DUE FROM/TO OTHER FUNDS

As of March 31, 2021, amounts due from and to other funds were as follows:

	<u>Due From</u>	<u>Due To</u>
General Operating Fund	\$ 1,924	54,449
Program Income Revolving Loan Fund	52,673	-
SADC Fund	-	148
	<u>\$ 54,597</u>	<u>54,597</u>

These balances were eliminated in accordance with the provisions of GASS Statement No. 34 for the Statement of Net Position for the governmentwide financial statements.

NOTE I- DUE TO CITY OF SALAMANCA AND OTHER RELATED-PARTY TRANSACTIONS

Amounts Paid to the City of Salamanca

Expenses of \$6,362 were incurred by the City of Salamanca Industrial Development Agency for the year ended March 31, 2021, in connection with the City of Salamanca's services to the Agency relating to comptroller services, use of a copy machine, and monthly rental for office space. Utility expenses were paid to the City of Salamanca Board of Public Utilities in the normal course of business.

The City of Salamanca Industrial Development Agency made payments in the amount of \$98,250 to the Salamanca Housing Authority, a related organization. These payments were for rental housing assistance under the Agency's Section 8 Housing Choice Voucher program. Utility payments, related to rental housing assistance, were paid to the City of Salamanca Board of Public Utilities.

Under a capital lease agreement, the City of Salamanca Industrial Development Agency collects and remits to the City of Salamanca real property taxes.

Other Related-Party Transactions

Through the normal course of business, rental services and repair and maintenance services were provided by parties related to an employee of the City of Salamanca Industrial Development Agency.

NOTE J - UNEARNED REVENUES

Pursuant to HUD regulations, revolving loans made from the revolving loan fund grant programs are recorded as unearned revenue in the Program Income RLF when the respective note receivable is established. Revenue is recognized upon repayment of loan principal and interest. As of March 31, 2021, the Agency had unearned revenues of \$43,947 for notes receivable. The current portion is \$7,031 and \$36,916 was the long-term portion.

Unearned revenue also includes capital assets acquired in prior years with grant funds totaling \$16,832, of which \$7,071 has been recovered through depreciation.

NOTE K- COMPENSATED ABSENCES

The Agency's eligible employees are granted vacation, sick leave, and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and compensatory time subject to certain maximum limitations. Estimated compensated absence leave is recorded as an expense when earned. A summary of the compensated absence liability is as follows:

	Balance 4/1/2020	Additions	Decrease	Balance 3/31/2021	Due Within One Year
General Fund	\$ 5,701	425	(5,701)	425	425
Program Income RLF	4,146	309	(4,146)	309	309
Section 8 Program Housing Choice	31,093	772	(31,093)	772	772
Salamanca Area Development Corp.	518	39	(518)	39	39
Total	<u>\$ 41,458</u>	<u>1,545</u>	<u>(41,458)</u>	<u>1,545</u>	<u>1,545</u>

NOTE L - NET POSITION

The business-type activities of the City of Salamanca Industrial Development Agency utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents net position of the Agency not restricted for any project or other purpose. The deficit net position amount reported in the General Operating Fund will be funded by future rental operations of the fund.

A summary of Net Position by fund is as follows:

	Net Investment in Capital Assets	Restricted	Unrestricted	Total
General Operating	\$ 97,012	2,132	(19,230)	79,914
Program Income RLF	458,033	744,420	-	1,202,453
Section 8 Housing Choice Vouchers	2,088	5,044	169,681	176,813
Salamanca Area Development Corp	<u>74,702</u>	<u>-</u>	<u>246,159</u>	<u>320,861</u>
Total	<u>\$ 631,835</u>	<u>751,596</u>	<u>396,610</u>	<u>1,780,041</u>

NOTE M- ADMINISTRATIVE AND CONTRACTUAL EXPENSES

The following is a detail of administrative and contractual expenses:

	General Operating Fund	Program Income RLF	Housing Choice Vouchers	Choice Voucher CARES ACT	Thrid Gen UDAG	SADC	Total
Administrative	\$ -	-	504	-	-	-	504
Continuing Education	-	-	5,150	-	-	-	5,150
Comptroller Expense	1,253	-	1,157	-	-	-	2,410
Contractual	185	795	90	-	23	20	1,113
Flag Pride	-	-	-	-	-	412	412
Insurance	9,904	8,612	-	-	-	3,014	21,530
Lease	6,431	2,864	-	-	-	-	9,295
Miscellaneous Expense	-	232	-	-	-	-	232
Office Expense	601	435	10,554	-	-	43,370	54,960
Professional Fees and Consulting	4,005	7,054	3,191	-	-	3,948	18,198
Rent	1,173	1,083	1,083	-	-	-	3,339
Repairs and Maintenance	2,278	138	668	-	-	30	3,114
Telephone Expense	1,059	1,059	-	-	-	-	2,118
Coronavirus Aid, Relief	-	-	-	14,565	-	-	14,565
Bad Debt Expense	-	448	-	-	-	-	448
Travel	12	-	-	-	-	-	12
Depreciation Expense	15,974	-	680	-	-	2,537	19,191
Utilities	-	49	-	-	-	7	56
	<u>\$ 42,875</u>	<u>22,769</u>	<u>23,077</u>	<u>14,565</u>	<u>23</u>	<u>53,338</u>	<u>156,647</u>

NOTE N - OPERATING LEASES

The City of Salamanca Industrial Development Agency, as lessee, renewed land leases with the Seneca Nation of Indians in 1991 for a term of forty years with a forty-year renewal clause. For the year ended March 31, 2021, the Agency paid \$10,890 for these leases, which were recorded as expenses in the General Operating and Program Income Funds. The Agency is obligated to make future minimum lease rental payments of approximately \$9,300 per year over the remaining 10 years of the lease, based on the properties owned at March 31, 2021.

During the year ended March 31, 2021, the Agency owned six cancellable operating leases on properties for which it was the lessor. These properties are accounted for in the Agency's General Operating, Program Income and SADC Funds. The net book value of all properties available for lease totals \$619,247, comprising \$2,537,865 of original costs less accumulated depreciation of \$1,918,618. The lease agreements require monthly installments or annual payments varying in amount from \$1,071 to \$4,091. On the termination of the lease agreement, the tenant would surrender the property to the Agency. Total rental income for the fiscal year was \$196,310.

NOTE O - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

The Agency reimburses the City of Salamanca for on-behalf payments for fringe benefits and salaries to employees and taxing entities. The total amount recognized was \$161,297.

NOTE P - PENSION PLAN

The Agency participates in the New York State and Local Employees' Retirement System. This system is a cost-sharing multiple employer, public employee retirement system. The system offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability. All full-time

employees of the Agency are covered by the pension plan.

a. Provisions and Administration

The New York State and Local Employees' Retirement System (ERS) provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute, and benefits to employees. The system issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244-0001 or on the Comptroller's website at: www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

b. Funding Policies

Vesting

Members who joined the System prior to January 1, 2010 need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 require ten years of service credit to be 100 percent vested.

Employer Contributions

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2020 was approximately 14.2 percent of payroll. Delinquent annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For the fiscal year ended March 31, 2021, the applicable interest rate was 6.8 percent.

Member Contributions

Generally, Tier 3, 4, and 5 members must contribute 3 percent of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

The Agency is required to contribute at an actuarially determined rate by NYSERS. Contributions made to the system were equal to 100% of the contributions required for each year. Required contributions for the current year and two preceding years were:

	<u>Amount</u>
2021	\$ 10,747
2020	\$ 10,869
2019	\$ 10,517

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pension

At March 31, 2021, the Agency reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2020. The total pension liability used to calculate the net pension liability was

determined by an actuarial valuation. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the NYSLRS in a report provided to the Agency.

	<u>NYSLRS</u>	
Actuarial Valuation Date	April 1, 2019	
Net Pension Liability	\$	34,026
Agency's Portion of the Plan's Total Net Pension Liability		0.0001285%

For the year ended March 31, 2021, the Agency recognized pension expense of \$15,774 for NYSLRS. At March 31, 2021, the Agency reported deferred outflows of resources related to the pension plan from the following sources:

<u>NYSLRS</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,002	-
Changes of assumptions	685	592
Net difference between projected and actual earnings on pension investments	17,443	-
Changes in proportion and differences between the Agency's contributions and proportionate share contributions	9,903	1,682
Employer contributions subsequent to the measurement date	10,747	-
Total	<u>\$ 40,780</u>	<u>2,274</u>

Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending March 31, :</u>	<u>NYSLRS</u>
2021	\$ 6,270
2022	7,296
2023	8,196
2024	5,998
Thereafter	-

d. Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following significant actuarial assumptions:

	<u>NYSLRS</u>
Measurement Date	March 31, 2020
Actuarial Valuation Date	April 1, 2019
Investment Rate of Return	6.8%
Salart Scale	4.2%
Decrement Tables	April 1, 2010 - March 31, 2015 ERS' Experience
Inflation Rate	2.5%
Cost of Living Adjustment	1.3%

The annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each of the target asset allocation percentages and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

NYSLRS		
Measurement Date	March 31, 2020	
Asset Type:	Target Allocation	Rate of Return
Domestic Equity	36.00%	4.05%
International Equity	14.00%	6.15%
Private Equity	10.00%	6.75%
Real Estate	10.00%	4.95%
Absolute Return Strategie	2.00%	3.25%
Opportunistic Portfolio	3.00%	4.65%
Real Assets	3.00%	5.95%
Bonds and Mortgages	17.00%	0.75%
Cash	1.00%	0.00%
Inflation Indexed Bonds	4.00%	0.50%
	<u>100.00%</u>	

e. Discounts

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

6 Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the Agency's proportionate share of the net pension asset liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8%) or 1-percentage point higher (7.8%) than the current rate:

	NYSLRS		
	1.0% Decrease	Current Assumption	1.0% Increase
	5.8%	6.8%	7.8%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 62,455	34,026	7,850

7 Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued NYSLRS financial reports

The components of the current-year net pension liabilities of the employers as of the valuation dates were as follows:

	(Dollars in Thousands)
	ERS
Valuation Date	April 1, 2019
Employers' Total Pension Liability	\$ 194,596,261
Plan Fiduciary Net Pension	168,115,682
Employers' Net Pension Liability	<u>\$ 26,480,579</u>
Systems' Fiduciary Net Position as a Percentage of Total Pension Liability	86.39%

NOTE Q - POST EMPLOYMENT BENEFITS

GASB 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* states that the governmental agency must accrue a liability for postemployment benefits that would be paid to a retired employee. As of March 31, 2021, the Agency was under no contractual obligations to provide postemployment benefits to any employee. Therefore, there is no postemployment liability recorded at year end.

NOTE R - NEW ACCOUNTING STANDARDS

On March 31, 2021, the Agency implemented the following new standards issued by GASB:

GASB Statement No. 95 - *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement postpones the effective dates of various pronouncements.

NOTE S - ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED

The Agency has not completed the process of evaluating the impact that will result from adopting the provisions of GASB Statement No. 87, Leases, now effective for the year ending June 30, 2023; GASB No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, now effective for the year ending June 30, 2022; GASB Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61, now effective for years ending June 30, 2021; GASB Statement No. 91, Conduit Debt Obligations, now effective for years ending June 30, 2023; GASB Statement No. 92, Omnibus 2020, effective for the year ending June 30, 2023; GASB Statement No. 93, Replacement of Interbank Offered Rates, effective for the year ending June 30, 2023; GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for the year ending June 30, 2024; GASB Statement No. 96, Subscription-Based Information Technology Arrangements, effective for the year ended June 30, 2024; and GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, a supersession of GASB Statement No. 32, has a dual effective date with a portion of it effective for the year ended June 30, 2021 and a portion of it effective for the year ended June 30, 2023. The Agency is, therefore, unable to disclose the impact that adopting GASB Statements Nos. 87, 89, 90, 91, 92, 93, 94, 96 and 97 will have on its financial position and results of operations.

NOTE T- SALAMANCA AREA DEVELOPMENT CORPORATION (SADC)

In 2010, the City of Salamanca Industrial Development Agency formed the Salamanca Area Development Corporation (SADC) as a not-for-profit local development corporation to assist the City of Salamanca Industrial Development Agency and City of Salamanca in the implementation of programs, projects, and activities designed to create or stimulate economic and community development programs in the City of Salamanca. In some circumstances the SADC will administer

grant projects, when the municipality or Salamanca Industrial Development Agency is unable to do so as a unit of local government. The SADC purchased 18-20 Main Street (the former O'Laughlin Pontiac building) for redevelopment for several reasons. First, the building's footprint is approximately 8,000 sq. ft. per floor, and it was felt that it was important to the overall Main Street revitalization efforts to control such a substantial building at a key location along the corridor. Second, the parcel itself is also quite substantial, and includes an area at the rear of the building (near the existing City of Salamanca parking lot) as well as a 1-acre lot on the North side of East Race Street that is included in the Downtown Parking Plan. Third, the SIDA sees the opportunity to reuse the building for multiple reasons, including upper floor housing, the creation of a senior center at the rear of the complex, and for street level commercial occupancy. This concept is the subject of a 2010 CDBG application to the NYS Office of Community Renewal. To date, the Salamanca Area Senior Center occupies approximately one third of the main floor.

Because of the nature of the activity conducted by the Salamanca Area Development Corporation, it has been determined to be a component unit of the Salamanca Industrial Development Agency and is required to be reported as a separate major fund within these financial statements.

NOTE U- SUBSEQUENT EVENTS

The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time, but management does not believe that there is a need for a provision for this uncertainty in the financial statements.

Management has evaluated subsequent events through July 2, 2021, the date on which the financial statements were available to be issued.

NOTE V - COVID-19 PANDEMIC

Since March, 2020, the United States has been in the midst of a national health emergency related to the COVID-19 pandemic. The ultimate consequences of this pandemic on a national, regional, and local level are unknown at this time, but the economic impact could potentially be significant. The ultimate impact of this pandemic on the IDA cannot be reasonably determined at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE LAST SIX YEARS

	2021	2020	2019	2018	2017	2016
NYSLRS Pension Plan						
Authority's proportion of the net pension liability (asset)	0.0001285%	0.0001480%	0.0001456%	0.0001758%	0.0001819%	0.0001449%
Authority's proportionate share of the net pension liability (asset)	\$ 34,026	\$ 10,484	\$ 4,698	\$ 16,519	\$ 29,203	\$ 4,896
Authority's covered-employee payroll	68,525	80,918	77,524	70,397	70,374	92,831
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	49.65%	12.96%	6.06%	23.47%	41.50%	5.27%
Plan fiduciary net position as a percentage of the total pension liability	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Ten years of historical information is not available as of year end. An additional year of historical information will be added each year subsequent to the current year until 10 years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these financial statements.

CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
REQUIRED SUPPLEMENT INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE LAST SIX YEARS

	2021	2020	2019	2018	2017	2016
NYSLRS Pension Plan						
Statutory Required Contributions	\$ 10,747	\$ 10,869	\$ 10,517	\$ 9,890	\$ 13,066	\$ 12,742
Contributions In Relation To Statutory Required Contributions	<u>10,747</u>	<u>10,869</u>	<u>10,517</u>	<u>9,890</u>	<u>13,066</u>	<u>12,742</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 68,525	\$ 80,918	\$ 77,524	\$ 70,397	\$ 70,374	\$ 92,831
Contributions as a percentage of Covered-employee payroll	15.68%	13.43%	13.57%	14.05%	18.57%	13.73%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Ten years of historical information is not available as of year end. An additional year of historical information will be added each year subsequent to the current year until 10 years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these financial statements.

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SUPPLEMENTARY FINANCIAL INFORMATION

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF LEASES
FOR THE YEAR ENDED MARCH 31, 2021**

Name of Project:	Great Wall, Inc.
Project Owner and Address:	Great Wall, Inc. 83 Main Street Salamanca, New York 14779
Year of Origination:	1998
Purpose:	Retail Restaurant
Estimated Project Amount:	\$100,000
Amount of Tax Exemption:	N/A
Estimated Jobs:	
New	0
Retained	2

The accompanying independent auditors' report should be read in conjunction with these financial statements.

CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF PAYMENTS IN LIEU OF TAXES
FOR THE YEAR ENDED MARCH 31, 2021

Name of Project:	Great Wall, Inc.
Project Owner and Address:	Great Wall, Inc. 83 Main Street Salamanca, New York 14779
Purpose:	Retail Restaurant
Amount of PILOT	\$2,400
Estimated Jobs:	
New	0
Retained	2
Name of Project:	Arbor Valley Flooring, Inc.
Project Owner and Address:	Arbor Valley Flooring, Inc 25 Morningside Drive Salamanca, New York 14779
Purpose:	Lumber Sorting and Storage Facility
Amount of PILOT	\$10,018
Estimated Jobs:	
New	0
Retained	2

The accompanying independent auditors' report should be read in conjunction with these financial statements.

CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BONDS
FOR THE YEAR ENDED MARCH 31, 2021

<u>Project Name</u>	<u>Project No.</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 4/1/2020</u>	<u>Issued During Fiscal Year</u>	<u>Paid During Fiscal Year</u>	<u>Balance at 3/31/2021</u>
None Issued								

The accompanying independent auditors' report should be read in conjunction with these financial statements.

City of Salamanca (NY403)
Salamanca, NY
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2021

	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
111 Cash - Unrestricted	\$173,297		\$173,297	\$173,297
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$5,044		\$5,044	\$5,044
114 Cash - Tenant Security Deposits				
115 Cash - Restricted for Payment of Current Liabilities		\$17,375	\$17,375	\$17,375
100 Total Cash	\$178,341	\$17,375	\$195,716	\$195,716
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants				
126.1 Allowance for Doubtful Accounts - Tenants				
126.2 Allowance for Doubtful Accounts - Other				
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery	\$52,897		\$52,897	\$52,897
128.1 Allowance for Doubtful Accounts - Fraud	-\$52,897		-\$52,897	-\$52,897
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$0	\$0
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets				
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$178,341	\$17,375	\$195,716	\$195,716
161 Land				
162 Buildings				
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	\$22,257		\$22,257	\$22,257
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$20,169		-\$20,169	-\$20,169
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,088	\$0	\$2,088	\$2,088
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$2,088	\$0	\$2,088	\$2,088
200 Deferred Outflow of Resources	\$20,390		\$20,390	\$20,390
290 Total Assets and Deferred Outflow of Resources	\$200,819	\$17,375	\$218,194	\$218,194
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$612		\$612	\$612
313 Accounts Payable >90 Days Past Due				

321 Accrued Wage/Payroll Taxes Payable	\$828		\$828	\$828
322 Accrued Compensated Absences - Current Portion	\$772		\$772	\$772
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs	\$3,554		\$3,554	\$3,554
332 Account Payable - PHA Projects	\$90		\$90	\$90
333 Accounts Payable - Other Government				
341 Tenant Security Deposits				
342 Unearned Revenue		\$17,375	\$17,375	\$17,375
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$5,856	\$17,375	\$23,231	\$23,231
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current				
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$17,013		\$17,013	\$17,013
350 Total Non-Current Liabilities	\$17,013	\$0	\$17,013	\$17,013
300 Total Liabilities	\$22,869	\$17,375	\$40,244	\$40,244
400 Deferred Inflow of Resources	\$1,137		\$1,137	\$1,137
508.4 Net Investment in Capital Assets	\$2,088		\$2,088	\$2,088
511.4 Restricted Net Position	\$5,044		\$5,044	\$5,044
512.4 Unrestricted Net Position	\$169,681	\$0	\$169,681	\$169,681
513 Total Equity - Net Assets / Position	\$176,813	\$0	\$176,813	\$176,813
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$200,819	\$17,375	\$218,194	\$218,194

City of Salamanca (NY403)
Salamanca, NY
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2021

	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
70300 Net Tenant Rental Revenue				
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$569,516	\$17,075	\$586,591	\$586,591
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$113		\$113	\$113
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery	\$1,555		\$1,555	\$1,555
71500 Other Revenue	\$10,151		\$10,151	\$10,151
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$581,335	\$17,075	\$598,410	\$598,410
91100 Administrative Salaries	\$47,807		\$47,807	\$47,807
91200 Auditing Fees	\$2,472		\$2,472	\$2,472
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$19,603		\$19,603	\$19,603
91600 Office Expenses	\$18,122		\$18,122	\$18,122
91700 Legal Expense	\$720		\$720	\$720
91800 Travel				
91810 Allocated Overhead				
91900 Other				
91000 Total Operating - Administrative	\$88,724	\$0	\$88,724	\$88,724
92000 Asset Management Fee				
92100 Tenant Services - Salaries		\$7,064	\$7,064	\$7,064
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services		\$567	\$567	\$567
92400 Tenant Services - Other		\$6,934	\$6,934	\$6,934
92500 Total Tenant Services	\$0	\$14,565	\$14,565	\$14,565
93100 Water				
93200 Electricity				
93300 Gas				
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$0	\$0	\$0	\$0

94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and Other				
94300 Ordinary Maintenance and Operations Contracts				
94500 Employee Benefit Contributions - Ordinary Maintenance				
94000 Total Maintenance	\$0	\$0	\$0	\$0
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance				
96120 Liability Insurance				
96130 Workmen's Compensation				
96140 All Other Insurance				
96100 Total Insurance Premiums	\$0	\$0	\$0	\$0
96200 Other General Expenses				
96210 Compensated Absences				
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$0	\$0	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$88,724	\$14,565	\$103,289	\$103,289
97000 Excess of Operating Revenue over Operating Expenses	\$492,611	\$2,510	\$495,121	\$495,121
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	\$479,781		\$479,781	\$479,781
97350 HAP Portability-In	\$9,390		\$9,390	\$9,390
97400 Depreciation Expense	\$680		\$680	\$680
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense	\$1,083		\$1,083	\$1,083
90000 Total Expenses	\$579,658	\$14,565	\$594,223	\$594,223
10010 Operating Transfer In				
10020 Operating transfer Out				
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$1,677	\$2,510	\$4,187	\$4,187

11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$172,626	\$0	\$172,626	\$172,626
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$2,510	-\$2,510	\$0	\$0
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity	\$171,769		\$171,769	\$171,769
11180 Housing Assistance Payments Equity	\$5,044		\$5,044	\$5,044
11190 Unit Months Available	1642		1642	1642
11210 Number of Unit Months Leased	1625		1625	1625
11270 Excess Cash				
11610 Land Purchases				
11620 Building Purchases				
11630 Furniture & Equipment - Dwelling Purchases				
11640 Furniture & Equipment - Administrative Purchases				
11650 Leasehold Improvements Purchases				
11660 Infrastructure Purchases				
13510 CFFP Debt Service Payments				
13901 Replacement Housing Factor Funds				

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INTERNAL CONTROL AND COMPLIANCE



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Board of Directors
City of Salamanca Industrial Development Agency
Salamanca, New York 14779

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund of the City of Salamanca Industrial Development Agency, as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Salamanca Industrial Development Agency's basic financial statements and have issued our report thereon date July 2, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal controls discussed in the accompany Schedule of Findings and Responses that we considered to be significant deficiencies (2013-1).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R.A. Mercer & Co., P.C.

R.A. Mercer & Co. P.C.

West Seneca, New York
July 2, 2021

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED MARCH 31, 2021**

I. FINDINGS - FINANCIAL STATEMENTS AUDIT

Internal Control Over Financial Reporting

2013-1 – Adjusting Journal Entries and Required Disclosures to the Financial Statements

Condition and Criteria: During the current year, significant adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the Agency to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments included adjusting unearned revenues, notes receivable, grants receivable, compensated absences, reclassifying income being netted with expenses, and payroll related items. In addition, the draft of the financial statements was prepared by the auditors and accepted by the Agency.

Effect: The American Institute of Certified Public Accountants (AICPA) issued Statement on Auditing Standards Number 115, entitled Communicating Internal Control Related Matters in an Audit. This standard considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Auditors' Recommendation: Although auditors may continue to provide such assistance both now and, in the future, under the new pronouncement, the Agency should continue to review, accept, and assume responsibility for both proposed adjusting journal entries and footnote disclosures, along with the draft of the financial statements.

Agency's Response: The Agency will continue to review, accept and assume responsibility for both proposed and adjusting journal entries, footnote disclosures and financial statements per the audit. The appropriate adjusting journal entries will be entered in a timely manner. The Salamanca IDA's accounting policies have been strictly reviewed and the appropriate action will be taken on a monthly basis.

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
STATUS OF PRIOR-YEAR FINDINGS AND RECOMMENDATIONS**

Findings reported for the year ended March 31, 2020 were as follows:

Internal Control Over Financial Reporting

2013-1 – Adjusting Journal Entries and Required Disclosures to the Financial Statements

Condition and Criteria: During the current year, significant adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the Agency to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments included adjusting unearned revenues, notes receivable, grants receivable, reclassifying income being netted with expenses, and payroll related items. In addition, the draft of the financial statements was prepared by the auditors and accepted by the Agency.

Effect: The American Institute of Certified Public Accountants (AICPA) issued Statement on Auditing Standards Number 115, entitled Communicating Internal Control Related Matters in an Audit. This standard considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Auditors' Recommendation: Although auditors may continue to provide such assistance both now and, in the future, under the new pronouncement, the Agency should continue to review, accept, and assume responsibility for both proposed adjusting journal entries and footnote disclosures, along with the draft of the financial statements.

Agency's Response: The Agency will continue to review, accept and assume responsibility for both proposed and adjusting journal entries, footnote disclosures and financial statements per the audit. The appropriate adjusting journal entries will be entered in a timely manner. The Salamanca IDA's accounting policies have been strictly reviewed and the appropriate action will be taken on a monthly basis

Status: – This finding has been repeated for the year ended March 31, 2021.